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RUEH MJ/AMEMBASSY MAJURO 0624
RUEHPB/AMEMBASSY PORT MORESBY 1132
RUEHKO/AMEMBASSY TOKYO 0118
RUEHWL/AMEMBASSY WELLINGTON 1325
RUEHNZ/AMCONSUL AUCKLAND 0345
RUEHHK/AMCONSUL HONG KONG 0043
RUEHDN/AMCONSUL SYDNEY 0751
RHHMUNA/HQ USPACOM HONOLULU HI
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C O N F I D E N T I A L SECTION 01 OF 02 SUVA 000071

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TAGS: [EAID](#) [PREL](#) [PGOV](#) [FJ](#) [NR](#) [KR](#) [TN](#) [TV](#)

SUBJECT: PRC AND TAIWAN ENGAGEMENT IN FIJI, TONGA, NAURU,
KIRIBATI AND TUVALU

REF: A. STATE 7966

[1](#)B. SUVA 30

[1](#)C. SUVA 67

[1](#)D. SUVA 57

[1](#)E. SUVA 66

[1](#)F. 06 SUVA 156

[1](#)G. 06 SUVA 427

[1](#)H. 06 SUVA 490

Classified By: Charge Ted Mann per 1.5 (B) and (D)

Summary

[1](#)1. (C) China and Taiwan are both actively engaged in Fiji, and are both likely to be asked by the interim government for increased assistance. Tonga is seeking an influx of funds from China to help rebuild Nuku'alofa. Taiwan has a strong presence in Nauru, Kiribati and Tuvalu. Taiwan representatives tell us it is under pressure to step up assistance levels in light of China's increased engagement throughout the Pacific. End summary.

Fiji - The Interim Government Looks for Help

[1](#)2. (C) PRC officials in Fiji (ref B) tell us that while they fully expect to receive more requests for assistance from the interim government, few of the planned assistance efforts announced during Premier Wen's visit to Fiji last April have yet been implemented. PRC Embassy staff insist China is anxious to move forward but that Fiji officials have been preoccupied and disorganized, especially since the coup. Fiji's interim Permanent Secretary of Foreign Affairs countered that China has put too many conditions on its aid, making it very difficult to tap into the money Wen promised (ref C). We expect to see some movement on the aid package announced last April but no major new Chinese initiatives in the immediate future.

[1](#)3. (C) We know of no new Taiwan initiatives in Fiji. However, the head of the Taiwan Trade Mission in Fiji confirmed to us that the Prime Minister's office has asked for continuation of the USD1.25 million Taiwan annually funnels through the PM's office to various so-called "grassroots" projects (ref D). For now, that funding appears to be on hold. The Taiwan representative in Fiji also confirmed to us that a senior Fijian military official has

inquired about procurement of weapons and other military equipment from Taiwan. Taiwan is likely to continue its modest ongoing assistance programs in agriculture and education. U.S. pressure might help convince Taiwan to suspend or terminate the assistance it pours into the PM's office, apparently with little or no oversight.

Tonga Looking for Urgent PRC Assistance

¶4. (C) Tonga urgently needs funding to help rebuild the Nuku'alofa central business district, most of which was destroyed during the November 16 riots. Many Chinese businesses were targeted by rioters - the PRC arranged for a charter flight to evacuate Chinese families. The government of Tonga has approached the World Bank, the ADB, Australia and New Zealand for rebuilding help but appears to be banking most heavily on the PRC (ref E). Foreign Minister Tu'a and Finance Minister 'Utoikamanu are traveling to Beijing this week to discuss an assistance package.

Nauru

¶5. (C) Nauru receives considerable assistance from Taiwan. Taipei bankrolled the purchase of a Boeing 737 for Nauru's "Our Airline" to replace the plane U.S. Eximbank repossessed at the end of 2005. Taipei also provided most of the funding for the repatriation of Kiribati and Tuvalu workers from Nauru in 2006. Nauru is in the process of establishing an embassy in Taipei, fully paid for, we assume, by Taiwan. The embassy will be headed by Nauru's past High Commissioner to Fiji, Dr. Ludwig Keke. The Nauru Supreme Court received a petition last year alleging that Nauru MPs, including President Scotty, Ministers Adeang and Keke, among others,

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received "grassroots" funds directly from Taiwan without making full disclosures as required by Nauruan law. The Supreme Court ordered an inquiry into the allegations. No result of the inquiry has been announced. Dr. Ludwig Keke predicted to us that the case would never come to court.

Kiribati

¶6. (C) Taiwan has a considerable presence in Kiribati. It is in the process of completing a sports stadium started by the PRC before Kiribati switched recognition in 2003, and has a number of agriculture and other assistance projects in train. A PRC "caretaker" remains at the former PRC residence in Kiribati, ostensibly to protect PRC property. The Taiwan connection may be an issue in the next Kiribati election, scheduled for mid-2007. One of President Anote Tong's opponents in the election is likely to be his brother Harry, whom he defeated in 2003. Harry has strong ties to the PRC and would likely switch back to the PRC if he came back into power.

Tuvalu

¶7. (C) Tuvalu has a very long, established relationship with Taiwan. Taiwan runs agriculture, aquaculture and other assistance programs. As is the case with the other Pacific states that recognize it, Taiwan is understood to provide direct cash grants to members of the government. In response to the increased aid promised to Pacific states by the PRC during Premier Wen's April 2006 visit to the region, the then-Tuvaluan PM told a Taiwan representative that Taiwan should double its regional assistance in order to keep pace with the PRC (ref F). Taiwan President Chen reportedly told Taiwan's Pacific "allies" in September that it would not engage in "dollar diplomacy" to match the PRC offers (ref F).

Taiwan Vice Foreign Minister Chang delivered the same message to Assistant Secretary Hill during the Pacific Island Forum meetings in October (ref H), insisting "it is never our goal to put money into pockets, always projects."

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